

# **Review of DCMC's Management of the Over and Above Process**



**Briefing to General Malishenko  
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# Over and Above Process Review

## Over and Above Review

- Background
- Approach and Findings
- Conclusions
- Ideas for Improving the Process

# Over and Above Process Review

## Background

### Conditions that led us to check out the issue

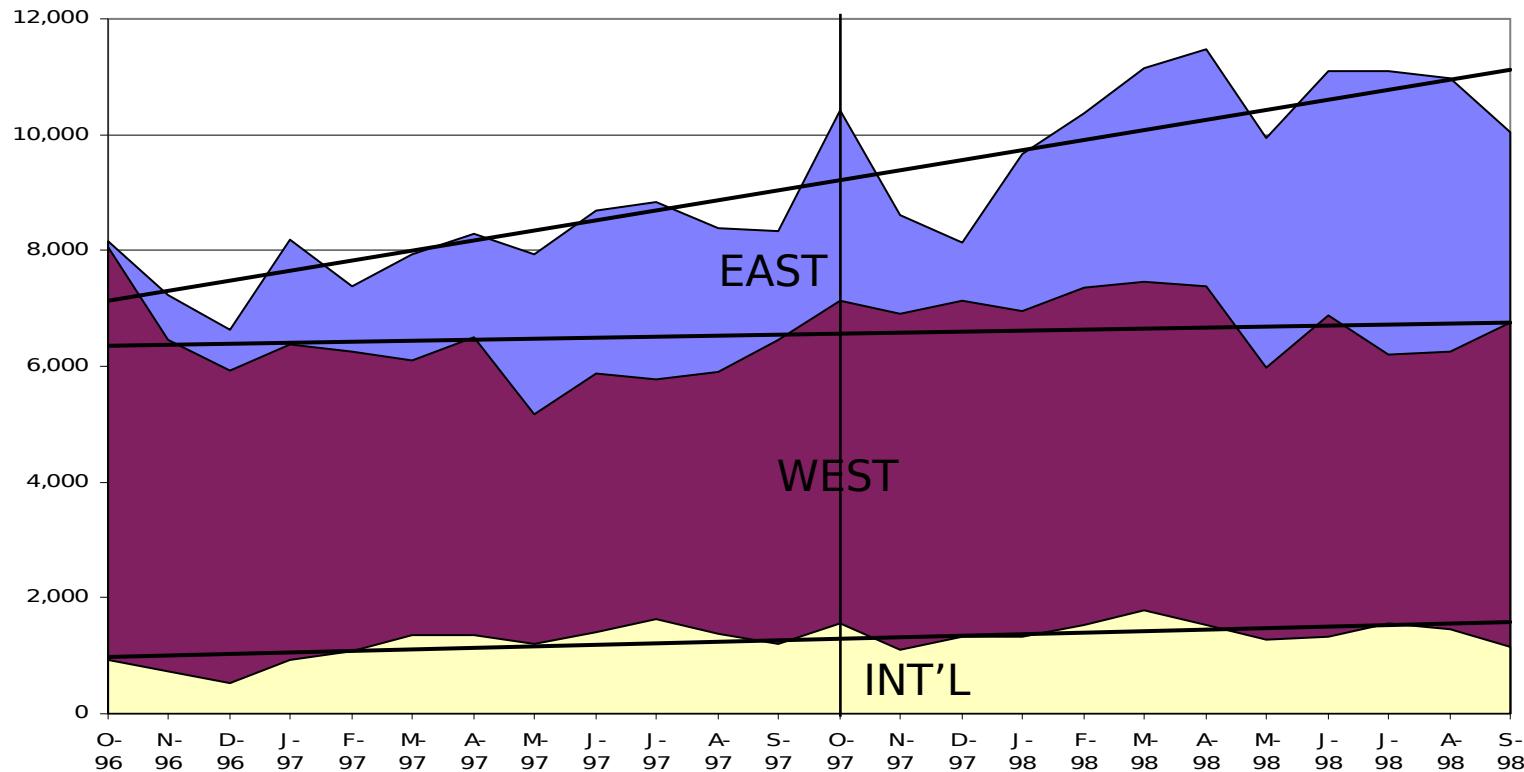
- JSTARS Schedule and Funding Problems
- Over and above work load is increasing (see next two charts)
  - Age of the fleets
  - More rework, less new production
- Processing perceived to be cumbersome



*The B-52's are 40 years old now, going for 90 years vs. Average of commercial 737s and*

# Over and Above Process Review

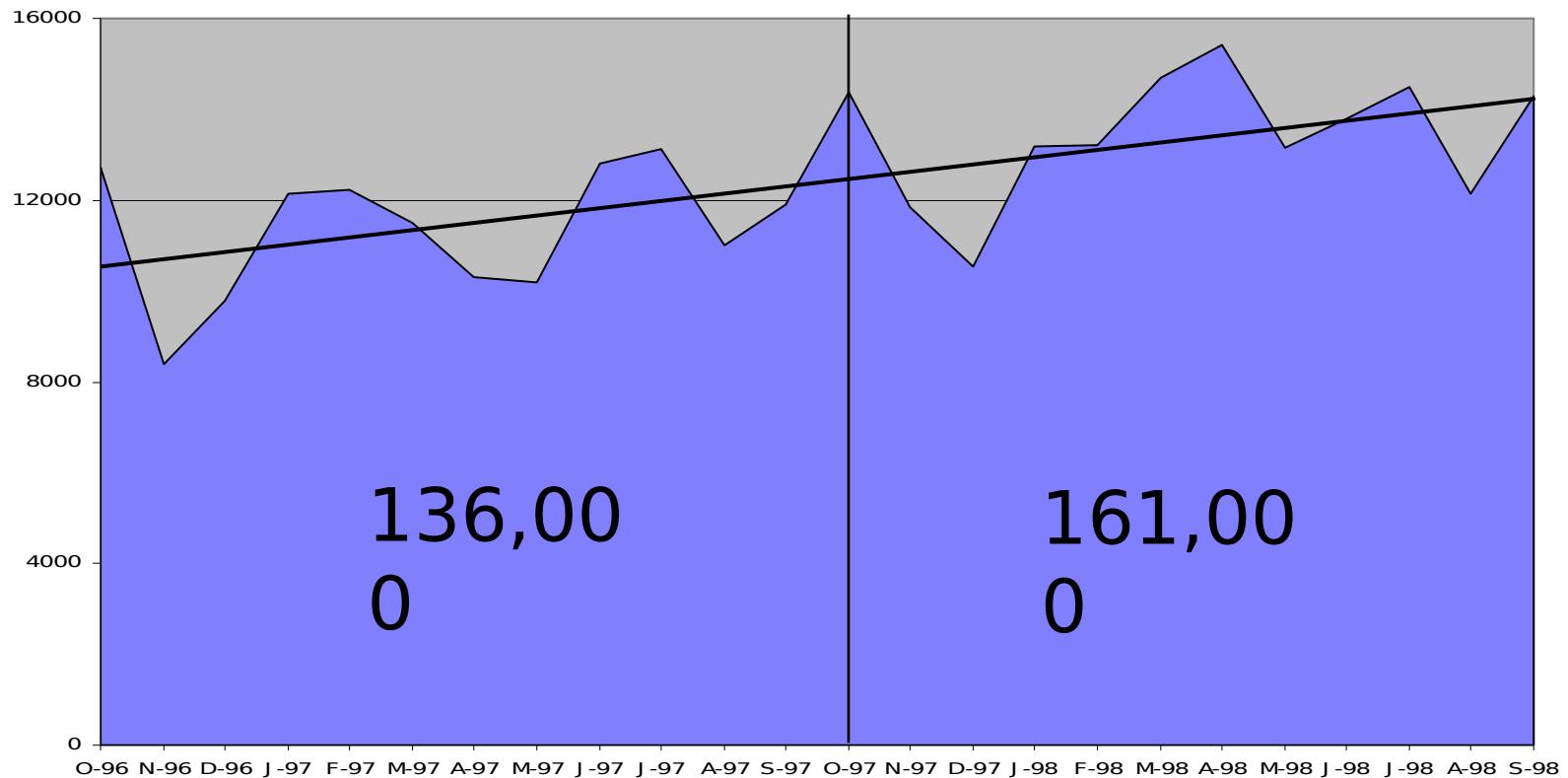
## Over and Above Hours Increasing



O&A PLAS hours up 20% from prior year  
(Hours for FY 97 = 185K Vs. FY 98 = 223K)

# Over and Above Process Review

## Over and Above Work Requests Increasing



OACIS reports Work Requests up 18% in FY 97 vs

# Over and Above Process Review

## Over and Above Process Review Approach

- Site Visits
- Participated in Air Force Over and Above PAT
- OASYS In Process Review

# Over and Above Process Review

## Site Visits

- Visited three DCMC sites with lots of Over and Aboves (half of all O&A work requests reported in OACIS during FY 97-98)
  - DCMC Northrop Grumman - Lake Charles, LA
  - DCMC Northrop Grumman - St. Augustine FL
  - DCMC Lockheed Martin - Greenville, SC
- Visited SUPSHIP Portsmouth, VA
- Visited UPS Headquarters
  - Visited TIMCO and TRAMCO (UPS contractors)

# Over and Above Process Review

## Findings: CAO Visits

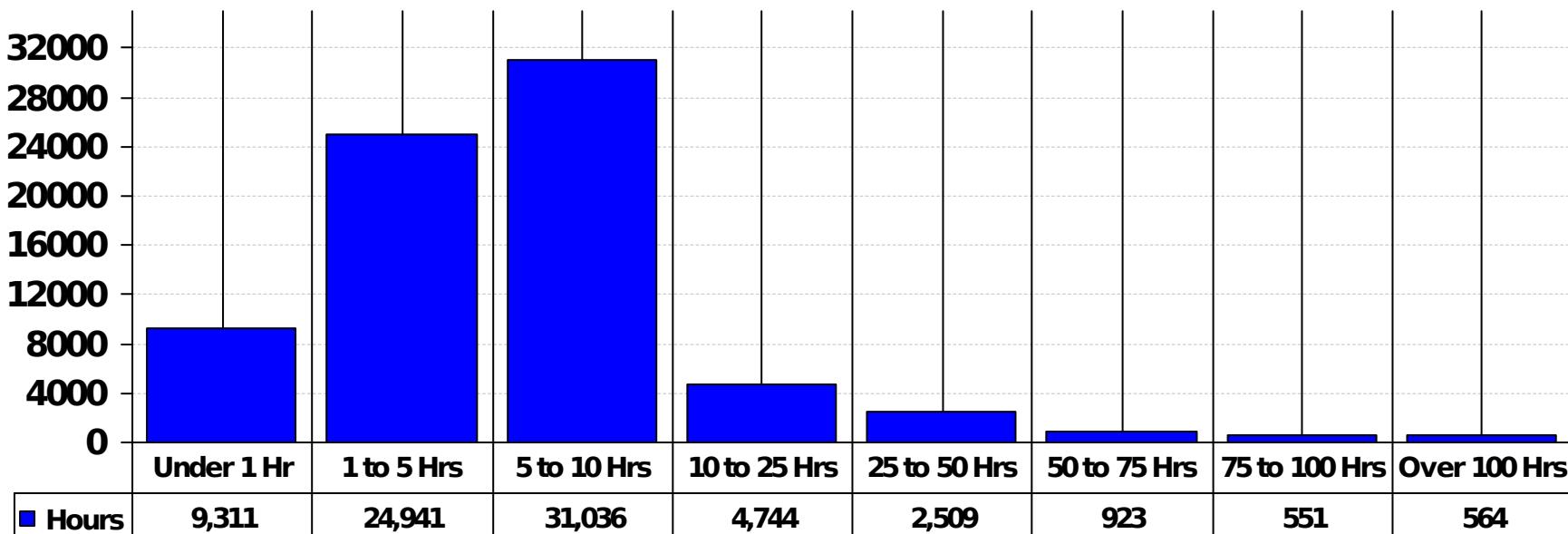


- Lots of labor hour standards being used
  - Greenville prices 1/2 of its C-9 and P-3 work requests with standards
  - St. Augustine - 11 general standards, that cover 1,000 plant-wide repetitive repairs
- Catching duplicate work requests
  - OACIS facilitates this by sorting data by location on aircraft
    - In a 18 month timeframe, APMO offices found 4,400 duplicate Work Requests valued at \$2M (represents 2 percent of the documents and 1 percent of the value)
  - Working closely with buying offices, contractors, and the ultimate customers, i.e., pilots

# Over and Above Process Review

## Findings: Distribution of Work Request Value

**Hours**



(For the period Jul 98 through Jun 99)

APMO only

# Over and Above Process Review

## Findings: SUPSHIP Portsmouth, VA Vis

- O&A work request process very much like ours (Basic SOW- O&A)
- Use contractors that have Master Ship Repair (MSR) certifications
  - MSRs pre-clears many responsibility and capability issues
- No O&A process flowcharts or manuals
- ACO has authority to approve work over government estimates (10% usually), don't negotiate every hour
- Use Field Availability Support System (FASS) for data collection, measures performance (By project,

# Over and Above Process Review

## Findings: UPS Headquarters (Louisville, KY)

- UPS only uses FAA certified contractors
  - UPS builds a long term business relationships
- Labor hour contracts with rates and negotiation on number of hours to repair
- UPS Fleet Group (25 people) at Headquarters; size comparable to the APMO, (however, work sites have only 5 to 7 people)
- UPS Fleet group managers are responsible for reviewing:
  - Audits of actual workcards
  - O&A hours negotiated (however, one site

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## Findings: TIMCO Visit

- TIMCO services UPS's DC-8 aircraft (one a month)
  - At this location UPS was handling O&As like us
  - UPS wants to move move O&As into Basic, just like us
    - TIMCO and UPS just negotiated a 75 O&A hour threshold (don't authorize/negotiate them individually)
    - UPS uses and verifies TIMCOs system for documenting and billing and O&A work (UPS receives and uses the same database files for history)
    - UPS makes a fixed payment (15th of month)

# Over and Above Process Review

## Findings: TRAMCO Visit

- TRAMCO, div of B.F. Goodrich, services 3 UPS aircraft lines (i.e., 60-727s, 75-757s, & 30-767s)
- 3 UPS planes (1 of each series) are in for repair each month
  - 727s: O&As under 400 hours threshold accepted without negotiation
    - UPS used history to arrive at this
  - TRUST contractor - 12 year relationship
    - Only get 3 O&A repairs over 400 hours a year
  - 757 & 767s: threshold is 50 hours (newer aircraft)
    - Only receive 10 repairs over 50 hrs a year
- UPS pays bills after delivery and acceptance

# Over and Above Process Review

## AFMC/OC-ALC PATS

Recommendations included,

- Use standard contract language requirements among services, adopting APMO “Best Practices” link (in new Onebook chapter)
- Change Air Force O&A clause “negotiation completed prior to 40 percent completion,” to grant waivers (AFMC is still working draft with AF FAR committee)
- Promote use of “Certified Estimator” approach  
*We agreed with all the Air Force PAT recommendations certifying contractor estimators (AFMC decided not to pursue this recommendation)*

# Over and Above Process Review

## OASYS In Process Review (Automating the paper trail)

- Lots of paper - same as UPS & SUPSHIP
  - OACIS indicates 297,000 over and aboves (FYs 97 & 98)
    - Lake Charles - 2,200 per month
    - St. Augustine - 2,450 per month
    - Greenville - 1,900 per month
- Offices are dealing with it
  - Contractor, DCMC know exactly where to put it (inbox to outbox to inbox and so on)
  - Most offices have MOAs and SOPs with contractors
- Moving the paper electronically doesn't necessarily mean it will be more efficient--but OASYS yields other advantages such as---
  - Facilitates development of standards
  - Control of funds
  - More...

# Over and Above Process Review

## Conclusions

- JSTARS problem due to contracting strategy of trying to zero time aircraft solely with Over and Aboves
  - Its basic contract SOW consists of 12 pages --other contracts typically have a hundred pages of requirements
  - JSTARS an anomaly
- Funds control is adequate
  - ACOs continually monitor Funds availability -- Request additional funds before funds get too low
  - But we could strengthen the controls through automation (QASYS checks funds availability as

# Over and Above Process Review

## Conclusions, continued

- Lots of paper but folks are dealing with it
- Metrics need to focus on plane's availability for warfighters. Getting plane fixed during scheduled maintenance is key (Same as SUPSHIP and UPS)
  - Cycle time (time from noting deficiency to correcting it) probably NOT the right metric
  - Currently, 59 % on time delivery rate (based on a 2 month period)
    - Late deliveries attributed to government caused delays-Pemco, KC-

# Over and Above Process Review

## Conclusions, continued

- Differences between DoD and Commercial:
  - Commercial is interested in building long term relationships
  - Commercial utilizes contractor system to manage O&A paperwork,
  - Commercial uses history and then negotiates **high** thresholds for “non-routines”
  - Commercial uses 5-7 on-site reps, licensed aircraft mechanics
  - Magnitude of O&As for Government can cost as much or more than the basic, commercial never that much

# Over and Above Process Review

## Ideas for Process Improvement

- Need more contracts with Over and Above work threshold in basic (focus on high dollar value work)
- Use ALPHA/IPT approach for Over and Aboves
  - LM Greenville is partnering with contractor on this
- More up-front and Early CAS involvement for contracts containing Over and Above work
  - DCMC offices are providing experiences to Program Offices for solicitations
  - Encourage common contract clauses at a

# Over and Above Process Review

## Ideas for Process Improvement, continued

- Adopt Risk-based approach (as in new MOR chapter)
  - Emphasize thresholds
  - Periodic sampling
  - Use of Standards
- Should reinstate PLAS code/establish metric (aircraft maintenance important issue)
- Continue to explore commercial practice